

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
CONSUMERS ENERGY COMPANY)	
for approval of a partial waiver of Rule 606(2)(b))	Case No. U-12103
of the Michigan Gas Safety Standards.)	
_____)	

In the matter, on the Commission's own motion,)	
directing CONSUMERS ENERGY COMPANY)	
to show cause why the partial waiver of)	Case No. U-18410
Rule 606(2)(b) of the Michigan Gas Safety Standards)	
should not be rescinded.)	
_____)	

At the September 28, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER

On September 15, 1999, in Case No. U-12103, Consumers Energy Company (Consumers) filed an application requesting a partial waiver of the requirement that it conduct a leakage survey on its cathodically unprotected, bare copper underground service lines located on the yard portion of its customers' premises at least once every three years, as required by 49 CFR 192.723(b)(2) and as adopted by reference in Mich Admin Code, R 460.20606(2)(b). In its application, Consumers claimed that conducting a leakage survey on these copper service lines located on the yard portion of its customers' premises every five years, versus every three years, was consistent with gas pipeline safety standards and the principles of risk management and would serve the

public interest, given “the exceptionally low incidence of corrosion leaks on copper service lines, and the fact that the majority of the leaks have occurred within the road rights of way”¹

Consumers’ application, p. 5. Given this data, Consumers specifically proposed doing mobile leakage surveys every three years to inspect its cathodically unprotected, bare copper underground service lines along the road rights of way, with walking surveys for such copper service lines on the yard portion of its customers’ premises to occur at five-year intervals.

Following a settlement agreement between Consumers and the Commission Staff (Staff),² the Commission issued an order on March 14, 2000 (March 14 order), in Case No. U-12103, approving the parties’ settlement agreement and granting Consumers’ partial waiver request. Thereafter, and as required by Section 3(e) of the Federal Natural Gas Pipeline Safety Act of 1968, a copy of the Commission’s order was sent to the United States Department of Transportation’s Office of Pipeline Safety, who, in a letter subsequently filed on June 2, 2000, indicated that it did not object to the Commission’s order granting Consumers a waiver from complying with certain leakage survey requirements under 49 CFR 192.723(b)(2).

After updated leakage survey information was later provided by Consumers to the Staff indicating that the leak rates of Consumers’ copper service lines had increased significantly from

¹ Consumers specifically stated:

The incidence of corrosion leaks for copper services during the period of 1987 through 1998 is comparable to that for coated and wrapped steel services, with an average leak rate incidence of 1.00 leaks per 1000 services for copper and 0.84 leaks per 1000 services for coated and wrapped steel, of which the majority must be surveyed for leaks on a five-year cycle. . . . Approximately 1000 work orders related to underground corrosion leaks on copper services, for the period of 1994 through 1998, were examined. Approximately sixty percent of the corrosion leaks were found within the road rights of way, while the balance occurred on yard lines (the portion of the underground service lines on the customers’ premises). Consumers’ application, p. 4.

² Consumers and the Staff were the only parties in Case No. U-12103.

2004 to 2014, the Commission, on its own motion, issued an order on July 31, 2017 (July 31 order), in Case Nos. U-12103 and U-18410, directing Consumers to show cause why the partial waiver the Commission granted in the March 14 order should not now be rescinded. Toward that end, the July 31 order required Consumers to (1) file a response to the order by August 21, 2017, and (2) appear at an informal meeting with the Staff in the Commission's Gas Operations Section at 10:00 a.m. on August 31, 2017.

Consumers filed its response to the July 31 order on August 15, 2017. In its response, Consumers confirms that "the leak rate for the Company's copper service lines has changed since the Company's leakage survey waiver was granted in 2000," thereby "agree[ing] to resum[e] a three-year leakage survey process for the portion of copper service line covered by the waiver in Case No. U-12103." Consumers' response, p. 2. Consumers, however, requests that this new process not be required to be implemented until January 1, 2018, "[d]ue to the time required to plan and implement this change to the Company's current copper service line leakage survey process" *Id.*

Thereafter, Consumers informally met with the Staff, and the Staff asked Consumers to provide additional information and details as to why the new process for surveying leaks on its cathodically unprotected, bare copper underground service lines located on the yard portion of its customers' premises needs to be postponed until January 1, 2018. Consumers agreed to file a supplemental response with the requested information and details by September 8, 2017.

On September 8, 2017, after a follow-up meeting between Consumers and the Staff on September 7, 2017, Consumers filed its supplemental response. In its supplemental response, Consumers states that it "withdraws its [postponement] request," indicating that, "upon further

review it appears that the Company will be able to begin the leakage survey process on a once every three-year basis beginning immediately.” Consumers’ supplemental response, pp. 1-2.

Given the above, the Commission finds that because of the significant overall increase in leaks involving Consumers’ copper service lines,³ immediately rescinding the partial waiver granted by the Commission in the March 14 order, thereby requiring Consumers to revert to at least a three-year leakage survey for *all* of its cathodically unprotected, bare copper underground service lines, is reasonable, in the public interest, and consistent with gas pipeline safety standards.

THEREFORE, IT IS ORDERED that:

A. The partial waiver of 49 CFR 192.723(b)(2), as adopted by reference in Mich Admin Code, R 460.20606(2)(b), granted by the Commission in Case No. U-12103 on March 14, 2000, is hereby rescinded, as of the date of this order.

B. Starting September 29, 2017, Consumers Energy Company shall follow the requirements set forth in 49 CFR 192.723(b)(2), as adopted by reference in Mich Admin Code, R 460.20606(2)(b), by conducting a leakage survey on all of its cathodically unprotected, bare copper underground service lines at least once every three calendar years, at intervals not to exceed 39 months.

C. The docket in Case No. U-18410 is closed.

The Commission reserves jurisdiction and may issue further orders as necessary.

³ According to information supplied by Consumers, the overall leak rate for its copper service lines increased from 1.00 leaks per 1,000 services in the 1987-1998 period to 1.47 leaks per 1,000 services in 2004-2014.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of September 28, 2017.

Kavita Kale, Executive Secretary